**19 -13**

Table 19.15 on page 512 shows Dynamic Mattress’s years end 2007 balance sheet, and table 19.16 on page 512 show its income statement of 2008. Work out the statement of cash flows for 2008. Group these items into sources of cash and uses of cash.

**2007 balance Sheet for Dynamic Mattress**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Current Assets |  |  |  |  | Current Liabilities: |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Cash |  | 20 |  | Bank loans |  |  | 20 |
| Marketable securities  |  | 10 |  | Accounts payable |  |  | 75 |
| Accounts receivable |  | 110 |  | total current liabilities |  | 95 |
| Inventory |  | 100 |  |  |  |  |  |  |
| Total current assets |  | 240 |  | Long-term debt |  |  | 25 |
|  |  |  |  |  | net worth (equity and retained earnings) | 300 |
| Fixed assets |  |  |  |  |  |  |  |  |
| Gross investment |  | 250 |  |  |  |  |  |  |
| Less depreciation |  | 70 |  |  |  |  |  |  |
| net fixed assets |  | 180 |  |  |  |  |  |  |
| Total assets |  | 420 |  | total liabilities and net worth |  | 420 |

**Income statement for Dynamic Mattress for 2008**

|  |  |  |
| --- | --- | --- |
| Sales |  | 1500 |
| Operating cost | 1405 |
|  |  | 95 |
| Depreciation | 10 |
|  |  | 85 |
| interest |  | 5 |
| Pretax income | 80 |
| Tax at 50% | 40 |
| Net income | 40 |